EXHIBIT 1

Cisco was surprised by Arista statements: Chambers

Timing of suits came this year after executive remarks

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By Jim Duffy   Follow

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SAN JOSE -- John Chambers said the company's decision to sue data center switch rival Arista Networks now was made after surprising statements Arista made this year.

"We're a company that trusts," Chambers said. "I'm a leader that trusts. They made statements that caused our team to look, that surprised us. It was a difficult decision but one you had to do."

Those Arista statements are catalogued in a blog from Cisco General Counsel Mark Chandler two weeks ago announcing the action. Cisco filed two lawsuits against Arista alleging patent and copyright infringement.

The timing of the complaints is curious because Arista's been shipping product for six years and went public in June. The company grew and is growing fast, with yearly revenues exceeding a half billion dollars and a market cap of $4.73 billion.

Chambers did not answer a question from reporters at the company's Global Editors Conference here this week on whether Cisco attempted to negotiate a royalty arrangement with Arista before suing the company.

"We don't go into any details on the litigation," he said, referring to the points made in Chandler's blog. "Mark Chandler articulated it very well in a well thought out and fundamental approach on what we did and why we had to move now.

"This industry is all about innovation," Chambers said. "As we've done that, we've encouraged innovation on many fronts. And technology is about innovation, not about copying. If we don't protect it, we'll see companies do the same thing. This is not about business momentum. But it is about a company that normally doesn't litigate. We've always managed our way through this. But we will protect the $6 billion per year we invest in innovation."

Arista CEO Jayshree Ullal, a 15-year veteran of Cisco, said in a blog post this week that her company is an industry pioneer that is innovating, while older companies -- an apparent reference to Cisco -- are "protectors" looking to maintain the status quo.

"Protectors defend old habits and remain strongly entrenched in following legacy technology trends," Ullal wrote. "They try to enforce new buzzwords and dictate markets in ways that maintain their dominant position with customers. They are often in denial of new technologies and market disruptions until it's too late. They deploy inappropriate tactics that serve to distract customers and partners from making the investments that will lead to competitive advantage.

"Pioneers are trailblazers. They create and make technology and markets happen. They are not afraid to replace an older technology with a newer one. Pioneers anticipate trends and fulfill customer needs. Arista is maniacally focused on doing the right thing, the right way as we prioritize delivering high quality technology to our customers. We call this the 'Arista way' and believe in this deeply for our employees, shareholders and executives."

Ullal's blog followed one by Arista director Dan Scheinman, a former Cisco counsel, charging Cisco with attempting to resort to the same tactics legacy vendors used in the 1990s to stall Cisco's momentum, and questioning the timing of the suits.

Separately, Chambers said he wasn't critical of the Open Compute Project when he said almost 18 months ago that the open source hardware group had "weaknesses" that Cisco could exploit through solutions better tailored to specific customer needs. He also didn't answer questions on why Cisco now joined the group, whether it would offer an OCP switch, and if that switch would be a current OCP design or a Cisco OCP submission.

"We're growing our high-end switching gaining market share," Chambers said. "We will compete against merchant silicon with services, with architectures. We will allow software to run across platforms over time. We will prioritize that a step at a time," adding that the service provider market may be the initial target.

Cisco rival Juniper Networks recently announced that it would offer an OCP switch running its Junos operating system.

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Jim Duffy has been covering technology for over 28 years, 23 at Network World. He covers enterprise networking infrastructure, including routers and switches. He also writes The Cisco Connection blog and can be reached on Twitter @Jim_Duffy and at jduffy@nww.com.

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